

Originator Planning	Item <b>Penn American Rezoning - Preview Draft Agreement with Kraus Anderson</b>
Agenda Section Study	Date 7/13/2015
Description	

The City Council adopted the Penn American District Plan on January 27, 2014. To implement its vision, the plan recommends rezoning much of the district (see Figure 1 below). A one year moratorium was adopted in February 2014 and most of the rezoning was completed on January 26, 2015. Given Kraus Anderson's concerns, rezoning of the Southtown area was continued to the August 3, 2015 Council meeting.

**Figure 1 – Zoning Recommended by Penn American District Plan**



The City and Kraus Anderson signed a memorandum of understanding (MOU) on January 26, 2015. Within the MOU, Kraus Anderson pledged a voluntary moratorium “until the Property is rezoned on or after August 3, 2015 or 90 days after either Party declares an impasse in the discussions, whichever occurs first.” Neither party has declared an impasse in the discussions. During the voluntary moratorium period, the MOU envisioned that both parties would seek “an amicable resolution of the regulatory framework governing the Property”.

After much discussion, representatives of both the City and Kraus Anderson believe they have arrived at the “amicable resolution” envisioned by the MOU. The key components of the resolution are as follows:

1. The City rezones the area as recommended in the District Plan, which establishes minimum floor area ratios, higher building design standards and building placement standards among other things.
2. The City and Kraus Anderson execute amendments to the 1995 Development Agreement that are designed to provide Southtown Center “the flexibility required to sustain, modify and evolve with the ever-changing marketplace.” Specifically, the amendments specify that:
  - a. Building Units F and G as shown on Exhibit E may be entirely removed.
  - b. Minor amendments to other Building Units within the Southtown Center may, at the option of Kraus Anderson, be reviewed under the existing CR-1 zoning standards. Minor amendments are defined as “any revision, alteration, or improvement to an existing Building Unit that results in a net increase in the gross building area of up to 10 percent or a net decrease in the gross building area of 30 percent or less”.
  - c. Major amendments and general site improvements within the Southtown Center are subject to applicable zoning standards as they are amended over the years.
  - d. The minimum floor area ratio for the portion of Southtown Center zoned C-3 is reduced from 0.5 to 0.4.
  - e. The minimum floor area ratio for the portion of Southtown Center zoned C-5 is temporarily reduced from 1.0 to 0.4. Once “funding for the proposed bus rapid transit station on or adjacent to the Property is approved,” the minimum floor area ratio for the C-5 portion of Southtown Center becomes 1.0.
3. Any development or redevelopment on the Kraus Anderson’s Lucky 13 or Mitsubishi parcels is fully subject to the new zoning requirements.

The full language of the draft Development Agreement amendments is attached for review. Staff believes that the amendments provide flexibility for the Southtown Center site without overly compromising the Penn American District Plan’s vision.

---

Requested Action

No action is required at the July 13<sup>th</sup> study meeting other than conveying any City Council concerns with the draft amendments to the Development Agreement. The amendments will come before the City Council for formal action on August 3<sup>rd</sup> at the public hearing on the rezonings.

---

Attachments:

Letter from Kraus-Anderson - 7/8/15  
Draft Amendments to Southtown Development Agreement  
Exhibit E  
Memorandum of Understanding - Voluntary Moratorium